

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

June 26, 2002

IN RE:

**PETITION TO WAIVE
MONTHLY FILING OF
THE FORM 3.01 REPORT**

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**DOCKET NO.
02-00642**

ORDER INITIATING RULEMAKING PROCEEDING

This matter came before the Tennessee Regulatory Authority ("Authority" or "TRA") at a regularly scheduled Authority Conference held on June 11, 2002, for consideration of the *Petition to Waive Monthly Filing of the Form 3.01 Report* ("Petition") that was filed on March 18, 2002 by BellSouth Telecommunications, Inc. ("BellSouth"), United Telephone-Southeast, Inc. ("UTSE") and Citizens Telecommunications Company of Tennessee ("Citizens") (collectively "Petitioners").

REQUESTED RELIEF

In their Petition, the Petitioners are requesting relief from the monthly requirements of filing the Form 3.01 Report, and propose the adoption of an annual filing of this Report. Such relief would require the Authority to initiate a rulemaking proceeding and amend the TRA's current rules, specifically TENN. COMP. R. & REGS. 1220-4-1-.10.

The Petitioners acknowledge that under rate-base/rate-of-return regulation, the TRA has the duty to monitor earnings to ensure compliance with rates of return authorized by the TRA. The Petitioners, maintain, however, that pursuant to TENN. CODE ANN. § 65-5-209, there is no need for the TRA to monitor the earnings of price regulated companies. With the ongoing

requirement for monthly filing of the Form 3.01 Report no longer necessary, the Petitioners propose that price regulated companies file Form 3.01 Reports annually rather than monthly.¹

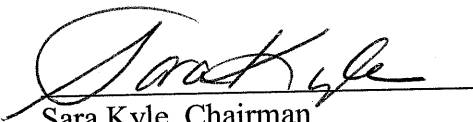
FINDINGS

TENN. CODE ANN. § 65-5-211 requires the TRA to file a report with the General Assembly every two (2) years for not less than six (6) years about various aspects of the telecommunications marketplace. The Petitioner's current proposal would allow the Authority as well as the General Assembly to have an annual review of the companies' own calculation of their revenues and would decrease regulation by lifting the burden of monthly filing.

In order to allow price regulated companies to file Form 3.01 Reports annually, it will be necessary to amend TENN. COMP. R. & REGS. 1220-4-1-.10.

IT IS THEREFORE ORDERED THAT:


A rulemaking proceeding to amend TENN. COMP. R. & REGS. 1220-4-1-.10 to allow price regulated companies to file Form 3.01 Reports annually, is hereby initiated.


Sara Kyle, Chairman


H. Lynn Greer, Jr., Director


Melynn J. Malone, Director

ATTEST:


K. David Waddell, Executive Secretary

¹ On January 3, 1997, UTSE and Citizens filed a joint petition requesting the complete elimination of the monthly filing requirement of the Form 3.01 Report. In December 1998, BellSouth came under price regulation and joined UTSE and Citizens in their request. On April 29, 1997, the TRA issued an order in Docket No. 97-00033 denying that request as well as directing the Authority's staff to investigate and submit a proposal to amend the necessary rules relative to price regulated telephone companies.